

Introduced by Senator Galgiani
(Coauthors: Senators Cannella and Huff)
(Coauthors: Assembly Members Chávez, Gomez, and Jones)

February 27, 2015

An act to amend, repeal, and add Section 6588 of the Government Code, relating to joint exercise of powers.

LEGISLATIVE COUNSEL'S DIGEST

SB 710, as introduced, Galgiani. Joint exercise of powers: financing.

The Joint Exercise of Powers Act authorizes the legislative or other governing bodies of 2 or more public agencies to jointly exercise by agreement any power common to the contracting parties, as specified, and authorizes a joint powers authority to exercise various powers, including, among others, the power to issue bonds, including bonds bearing interest, to pay the cost of any public capital improvement, working capital, or liability or other insurance program, as specified.

This bill would, until January 1, 2022, authorize a joint powers authority to issue or cause to be issued bonds and enter into a loan agreement for the financing or refinancing of a project that is situated in another state, including working capital related to that project, if the project and its financing meets certain conditions. This bill would require the Legislative Analyst, on or before January 1, 2021, to prepare and submit to the Legislature a report on the issuance of those bonds and the financing of those projects. This bill would require, no later than July 1, 2020, authorities that issue those bonds to provide information concerning the bonds, the projects financed, the public benefits accruing to this state and such other information requested by the Legislative Analyst's Office for the purpose of preparing the report.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 6588 of the Government Code is amended
2 to read:
3 6588. In addition to other powers specified in an agreement
4 pursuant to Article 1 (commencing with Section 6500) and Article
5 2 (commencing with Section 6540), the authority may do any or
6 all of the following:
7 (a) Adopt bylaws for the regulation of its affairs and the conduct
8 of its business.
9 (b) Sue and be sued in its own name.
10 ~~(c) Issue bonds, including, at the option of the authority, bonds~~
11 ~~bearing interest, to pay the cost of any public capital improvement,~~
12 ~~working capital, or liability or other insurance program. In~~
13 (c) (1) *Issue bonds, including, at the option of the authority,*
14 *bonds bearing interest, to pay the cost of any public capital*
15 *improvement, working capital, or liability or other insurance*
16 *program.*
17 (2) (A) *In addition to paragraph (1), for any purpose for which*
18 *an authority may execute and deliver or cause to be executed and*
19 *delivered certificates of participation in a lease or installment sale*
20 *agreement with any public or private entity, the authority, at its*
21 *option, may issue or cause to be issued bonds, rather than*
22 *certificates of participation, and enter into a loan agreement with*
23 *the public or private entity.*
24 (B) (i) *Notwithstanding Sections 6586 and 6586.5 or any other*
25 *law, an authority may issue or cause to be issued bonds and enter*
26 *into a loan agreement, pursuant to subparagraph (A), for the*
27 *financing or refinancing of a project that is situated in another*
28 *state, including working capital related to that project, if all of the*
29 *following apply:*
30 (I) *The project is owned, developed, or operated by a private*
31 *entity.*
32 (II) *The issuance of bonds by the authority and the financing of*
33 *the project is approved by resolution, order, or other official action*
34 *of the city, county, or other public body with land use planning*
35 *authority over the project, or of the state in which the project is*

1 *situated. This clause does not apply to the issuance of refunding*
2 *bonds if a prior financing or refinancing of the project was*
3 *approved by the city, county, public body, or state.*

4 *(III) The authority has at least 25 local agency members and*
5 *the authority has issued bonds and entered into loan agreements*
6 *to finance at least 25 separate projects.*

7 *(IV) The authority finds, based on the facts and circumstances*
8 *attendant to the project or the financing or refinancing of the*
9 *project, that the issuance of the bonds or the financing or*
10 *refinancing of the project will result in a substantial public benefit*
11 *to this state because one or more of the following is satisfied:*

12 *(ia) At least 20 percent of the net proceeds of the issue are*
13 *allocated to the financing of one or more projects, including*
14 *working capital related thereto, located in this state.*

15 *(ib) The borrower of the bond proceeds has its principal place*
16 *of business in this state and, if that borrower is subject to income*
17 *or franchise tax in this state or any other state, that borrower has*
18 *paid to this state for the most recent tax year income or franchise*
19 *tax of at least fifty thousand dollars (\$50,000) or one-half of its*
20 *total income or franchise tax liability to all states, whichever is*
21 *less. If the borrower has little or no assets other than the project*
22 *to be financed and is owned by another company or companies,*
23 *then the company or companies that own a majority of interest in*
24 *the borrower shall have its or their principal place of business in*
25 *this state.*

26 *(ic) The borrower of the bond proceeds or a controlled group*
27 *of which it is a member has at least 50 full-time equivalent*
28 *employees in this state.*

29 *(id) The borrower of the bond proceeds or a controlled group*
30 *of which it is a member has paid to this state for the most recent*
31 *tax year income or franchise tax of at least one hundred thousand*
32 *dollars (\$100,000).*

33 *(ie) In the case of the financing of one or more multifamily rental*
34 *housing projects, the developer of that project or projects has its*
35 *principal place of business in this state, and any such developer*
36 *subject to personal or corporate income tax in California or other*
37 *states has paid to this state for the most recent tax year income or*
38 *franchise tax of at least fifty thousand dollars (\$50,000) or one-half*
39 *of its total income or franchise tax liability to all states, whichever*
40 *is less.*

1 (ii) *For purposes of this subparagraph, the following definitions*
2 *apply:*

3 (I) *“Controlled group” means a group of corporations,*
4 *partnerships, limited liability companies or other persons that are*
5 *wholly owned or controlled by a single corporation, partnership,*
6 *limited liability company, or other person.*

7 (II) *“Developer” means a corporation, partnership, limited*
8 *liability company, or other person that is the initial controlling*
9 *party within the legal entity that owns the multifamily rental*
10 *housing project to be financed with proceeds of the bonds and that*
11 *is expected to be the primary economic beneficiary of, and to take*
12 *the primary economic risks related to, development and*
13 *performance of the project.*

14 (III) *“Financing” shall include refinancing of bonds of the*
15 *authority or of bonds issued by any other state or local entity*
16 *located within this state.*

17 (IV) *“Issue” shall have the same meaning as in U.S. Treasury*
18 *Regulations Section 1.150-1(c), as in effect on July 1, 2014.*

19 (V) *“Net proceeds of an issue” means the aggregate principal*
20 *amount of that issue, less the amount of that issue allocated to*
21 *original issue discount, issuance costs, reserve funds, and credit*
22 *enhancement costs.*

23 (VI) *“Principal place of business” of an entity means the*
24 *principal place from which the trade or business of the entity is*
25 *directed or managed.*

26 (iii) *The Legislative Analyst shall, on or before January 1, 2021,*
27 *prepare and submit to the Legislature a report on the issuance of*
28 *bonds and the financing of projects pursuant to this subparagraph.*
29 *No later than July 1, 2020, authorities that issue bonds pursuant*
30 *to this subparagraph shall provide information concerning those*
31 *bonds, the projects financed, the public benefits accruing to this*
32 *state, and such other information requested by the Legislative*
33 *Analyst’s Office for the purpose of preparing the report. The report*
34 *may include recommendations for modifying or extending the*
35 *application of this subparagraph.*

36 (d) *Engage the services of private consultants to render*
37 *professional and technical assistance and advice in carrying out*
38 *the purposes of this article.*

39 (e) *As provided by applicable law, employ and compensate*
40 *bond counsel, financial consultants, and other advisers determined*

1 necessary by the authority in connection with the issuance and sale
2 of any bonds.

3 (f) Contract for engineering, architectural, accounting, or other
4 services determined necessary by the authority for the successful
5 development of a public capital improvement.

6 (g) Pay the reasonable costs of consulting engineers, architects,
7 accountants, and construction, land-use, recreation, and
8 environmental experts employed by any sponsor or participant if
9 the authority determines those services are necessary for the
10 successful development of public capital improvements.

11 (h) Take title to, sell by installment sale or otherwise, or lease
12 lands, structures, real or personal property, rights, rights-of-way,
13 franchises, easements, and other interests in lands that are located
14 within the state that the authority determines are necessary or
15 convenient for the financing of public capital improvements, or
16 any portion thereof.

17 (i) Receive and accept from any source, loans, contributions,
18 or grants, in either money, property, labor, or other things of value,
19 for, or in aid of, the construction financing, or refinancing of public
20 capital improvement, or any portion thereof or for the financing
21 of working capital or insurance programs, or for the payment of
22 the principal of and interest on bonds if the proceeds of those bonds
23 are used for one or more of the purposes specified in this section.

24 (j) Make secured or unsecured loans to any local agency in
25 connection with the financing of capital improvement projects,
26 working capital or insurance programs in accordance with an
27 agreement between the authority and the local agency. However,
28 no loan shall exceed the total cost of the public capital
29 improvements, working capital or insurance needs of the local
30 agency as determined by the local agency and by the authority.

31 (k) Make secured or unsecured loans to any local agency in
32 accordance with an agreement between the authority and the local
33 agency to refinance indebtedness incurred by the local agency in
34 connection with public capital improvements undertaken and
35 completed.

36 (l) Mortgage all or any portion of its interest in public capital
37 improvements and the property on which any project is located,
38 whether owned or thereafter acquired, including the granting of a
39 security interest in any property, tangible or intangible.

1 (m) Assign or pledge all or any portion of its interests in
2 mortgages, deeds of trust, indentures of mortgage or trust, or
3 similar instruments, notes, and security interests in property,
4 tangible or intangible, of a local agency to which the authority has
5 made loans, and the revenues therefrom, including payment or
6 income from any interest owned or held by the authority, for the
7 benefit of the holders of bonds issued to finance public capital
8 improvements. The pledge of moneys, revenues, accounts, contract
9 rights, or rights to payment of any kind made by or to the authority
10 pursuant to the authority granted in this part shall be valid and
11 binding from the time the pledge is made for the benefit of the
12 pledgees and successors thereto, against all parties irrespective of
13 whether the parties have notice of the claim.

14 (n) Lease the public capital improvements being financed to a
15 local agency, upon terms and conditions that the authority deems
16 proper; charge and collect rents therefor; terminate any lease upon
17 the failure of the lessee to comply with any of the obligations of
18 the lease; include in any lease provisions that the lessee shall have
19 options to renew the lease for a period or periods, and at rents as
20 determined by the authority; purchase or sell by an installment
21 agreement or otherwise any or all of the public capital
22 improvements; or, upon payment of all the indebtedness incurred
23 by the authority for the financing or refinancing of the public
24 capital improvements, the authority may convey any or all of the
25 project to the lessee or lessees.

26 (o) Charge and apportion to local agencies that benefit from its
27 services the administrative costs and expenses incurred in the
28 exercise of the powers authorized by this article. These fees shall
29 be set at a rate sufficient to recover, but not exceed, the authority's
30 costs of issuance and administration. The fee charged to each local
31 obligation acquired by the pool shall not exceed that obligation's
32 proportionate share of those costs. The level of these fees shall be
33 disclosed to the California Debt and Investment Advisory
34 Commission pursuant to Section 6599.1.

35 (p) Issue, obtain, or aid in obtaining, from any department or
36 agency of the United States or of the state, or any private company,
37 any insurance or guarantee to, or for, the payment or repayment
38 of interest or principal, or both, or any part thereof, on any loan,
39 lease, or obligation or any instrument evidencing or securing the
40 same, made or entered into pursuant to this article.

1 (q) Notwithstanding any other provision of this article, enter
2 into any agreement, contract, or any other instrument with respect
3 to any insurance or guarantee; accept payment in the manner and
4 form as provided therein in the event of default by a local agency;
5 and assign any insurance or guarantee that acts as security for the
6 authority's bonds.

7 (r) Enter into any agreement or contract, execute any instrument,
8 and perform any act or thing necessary, convenient, or desirable
9 to carry out any power authorized by this article.

10 (s) Invest any moneys held in reserve or sinking funds, or any
11 moneys not required for immediate use or disbursement, in
12 obligations that are authorized by law for the investment of trust
13 funds.

14 (t) At the request of affected local agencies, combine and pledge
15 revenues to public capital improvements for repayment of one or
16 more series of bonds issued pursuant to this article.

17 (u) Delegate to any of its individual parties or other responsible
18 individuals the power to act on its behalf subject to its general
19 direction, guidelines, and oversight.

20 (v) Purchase, with the proceeds of its bonds or its revenue, bonds
21 issued by any local agency at public or negotiated sale. Bonds
22 purchased pursuant to this subdivision may be held by the authority
23 or sold to public or private purchasers at public or negotiated sale,
24 in whole or in part, separately or together with other bonds issued
25 by the authority.

26 (w) Purchase, with the proceeds of its bonds or its revenue, VLF
27 receivables sold to the authority pursuant to Section 6588.5. VLF
28 receivables so purchased may be pledged to the payment of bonds
29 issued by the authority or may be resold to public or private
30 purchasers at public or negotiated sale, in whole or in part,
31 separately or together with other VLF receivables purchased by
32 the authority.

33 (x) (1) Purchase, with the proceeds of its bonds or its revenue,
34 Proposition 1A receivables pursuant to Section 6588.6. Proposition
35 1A receivables so purchased may be pledged to the payment of
36 bonds issued by the authority or may be resold to public or private
37 purchasers at public or negotiated sales, in whole or in part,
38 separately or together with other Proposition 1A receivables
39 purchased by the authority.

1 (2) (A) All entities subject to a reduction of ad valorem property
2 tax revenues required under Section 100.06 of the Revenue and
3 Taxation Code pursuant to the suspension set forth in Section
4 100.05 of the Revenue and Taxation Code shall be afforded the
5 opportunity to sell their Proposition 1A receivables to the authority.

6 (B) If these entities offer Proposition 1A receivables to the
7 authority for purchase and duly authorize the sale of the Proposition
8 1A ~~receivable~~ *receivables* pursuant to documentation approved
9 by the authority, the authority shall purchase all Proposition 1A
10 receivables so offered to the extent it can sell bonds therefor. If
11 the authority does not purchase all Proposition 1A receivables
12 offered, it shall purchase a pro rata share of each entity's offered
13 Proposition 1A receivables.

14 (C) The authority may establish a deadline, no earlier than
15 November 3, 2009, by which these entities shall offer their
16 Proposition 1A receivables for sale to the authority and complete
17 the application required by the authority.

18 (3) For purposes of meeting costs incurred in performing its
19 duties relative to the purchase and sale of Proposition 1A
20 receivables, the authority shall be authorized to charge a fee to
21 each entity from which it purchases a Proposition 1A receivable.
22 The fee shall be computed based on the percentage value of the
23 Proposition 1A receivable purchased from each entity, in relation
24 to the value of all Proposition 1A receivables purchased by the
25 authority. The amount of the fee shall be paid from the proceeds
26 of the bonds and shall be included in the principal amount of the
27 bonds.

28 (4) Terms and conditions of any and all fees and expenses
29 charged by the authority, or those it contracts with, and the terms
30 and conditions of sales of Proposition 1A receivables and bonds
31 issued pursuant to this subdivision, including the terms of optional
32 early redemption provisions, if any, shall be approved by the
33 Treasurer and the Director of Finance, who shall not unreasonably
34 withhold their approval. The aggregate principal amount of all
35 bonds issued pursuant to this subdivision shall not exceed two
36 billion two hundred fifty million dollars (\$2,250,000,000), and the
37 rate of interest paid on those bonds shall not exceed 8 percent per
38 annum. The authority shall exercise its best efforts to obtain the
39 lowest cost financing possible. Any and all premium obtained shall
40 be used for either of the following:

1 (A) Applied to pay the costs of issuance of the bonds.

2 (B) Deposited in a trust account that is pledged to bondholders
3 and used solely for the payment of interest on, or for repayment
4 of, the bonds.

5 (5) (A) In connection with any financing backed by Proposition
6 1A receivables, the Treasurer may retain financial advisors, legal
7 counsel, and other consultants to assist in performing the duties
8 required by this chapter and related to that financing.

9 (B) Notwithstanding any other law, none of the following shall
10 apply to any agreements entered into by the Treasurer pursuant to
11 subparagraph (A) in connection with any Proposition 1A financing:

12 (i) Section 11040 of the Government Code.

13 (ii) Section 10295 of the Public Contract Code.

14 (iii) Article 3 (commencing with Section 10300) and Article 4
15 (commencing with Section 10335) of, Chapter 2 of Part 2 of
16 Division 2 of the Public Contract Code, except for the authority
17 of the Department of Finance under Section 10336 of the Public
18 Contract Code to direct a state agency to transmit to it a contract
19 for review, and except for Section 10348.5 of the Public Contract
20 Code.

21 (C) Any costs incurred by the Treasurer in connection with any
22 Proposition 1A financing shall be reimbursed out of the proceeds
23 of the financing.

24 (y) Set any other terms and conditions on any purchase or sale
25 pursuant to this section as it deems by resolution to be necessary,
26 appropriate, and in the public interest, in furtherance of the
27 purposes of this article.

28 (z) *This section shall remain in effect only until January 1, 2022,*
29 *and as of that date, is repealed.*

30 SEC. 2. Section 6588 is added to the Government Code, to
31 read:

32 6588. In addition to other powers specified in an agreement
33 pursuant to Article 1 (commencing with Section 6500) and Article
34 2 (commencing with Section 6540), the authority may do any or
35 all of the following:

36 (a) Adopt bylaws for the regulation of its affairs and the conduct
37 of its business.

38 (b) Sue and be sued in its own name.

39 (c) Issue bonds, including, at the option of the authority, bonds
40 bearing interest, to pay the cost of any public capital improvement,

1 working capital, or liability or other insurance program. In addition,
2 for any purpose for which an authority may execute and deliver
3 or cause to be executed and delivered certificates of participation
4 in a lease or installment sale agreement with any public or private
5 entity, the authority, at its option, may issue or cause to be issued
6 bonds, rather than certificates of participation, and enter into a
7 loan agreement with the public or private entity.

8 (d) Engage the services of private consultants to render
9 professional and technical assistance and advice in carrying out
10 the purposes of this article.

11 (e) As provided by applicable law, employ and compensate
12 bond counsel, financial consultants, and other advisers determined
13 necessary by the authority in connection with the issuance and sale
14 of any bonds.

15 (f) Contract for engineering, architectural, accounting, or other
16 services determined necessary by the authority for the successful
17 development of a public capital improvement.

18 (g) Pay the reasonable costs of consulting engineers, architects,
19 accountants, and construction, land-use, recreation, and
20 environmental experts employed by any sponsor or participant if
21 the authority determines those services are necessary for the
22 successful development of public capital improvements.

23 (h) Take title to, sell by installment sale or otherwise, or lease
24 lands, structures, real or personal property, rights, rights-of-way,
25 franchises, easements, and other interests in lands that are located
26 within the state that the authority determines are necessary or
27 convenient for the financing of public capital improvements, or
28 any portion thereof.

29 (i) Receive and accept from any source, loans, contributions,
30 or grants, in either money, property, labor, or other things of value,
31 for, or in aid of, the construction financing, or refinancing of public
32 capital improvement, or any portion thereof or for the financing
33 of working capital or insurance programs, or for the payment of
34 the principal of and interest on bonds if the proceeds of those bonds
35 are used for one or more of the purposes specified in this section.

36 (j) Make secured or unsecured loans to any local agency in
37 connection with the financing of capital improvement projects,
38 working capital or insurance programs in accordance with an
39 agreement between the authority and the local agency. However,
40 no loan shall exceed the total cost of the public capital

1 improvements, working capital or insurance needs of the local
2 agency as determined by the local agency and by the authority.

3 (k) Make secured or unsecured loans to any local agency in
4 accordance with an agreement between the authority and the local
5 agency to refinance indebtedness incurred by the local agency in
6 connection with public capital improvements undertaken and
7 completed.

8 (l) Mortgage all or any portion of its interest in public capital
9 improvements and the property on which any project is located,
10 whether owned or thereafter acquired, including the granting of a
11 security interest in any property, tangible or intangible.

12 (m) Assign or pledge all or any portion of its interests in
13 mortgages, deeds of trust, indentures of mortgage or trust, or
14 similar instruments, notes, and security interests in property,
15 tangible or intangible, of a local agency to which the authority has
16 made loans, and the revenues therefrom, including payment or
17 income from any interest owned or held by the authority, for the
18 benefit of the holders of bonds issued to finance public capital
19 improvements. The pledge of moneys, revenues, accounts, contract
20 rights, or rights to payment of any kind made by or to the authority
21 pursuant to the authority granted in this part shall be valid and
22 binding from the time the pledge is made for the benefit of the
23 pledgees and successors thereto, against all parties irrespective of
24 whether the parties have notice of the claim.

25 (n) Lease the public capital improvements being financed to a
26 local agency, upon terms and conditions that the authority deems
27 proper; charge and collect rents therefor; terminate any lease upon
28 the failure of the lessee to comply with any of the obligations of
29 the lease; include in any lease provisions that the lessee shall have
30 options to renew the lease for a period or periods, and at rents as
31 determined by the authority; purchase or sell by an installment
32 agreement or otherwise any or all of the public capital
33 improvements; or, upon payment of all the indebtedness incurred
34 by the authority for the financing or refinancing of the public
35 capital improvements, the authority may convey any or all of the
36 project to the lessee or lessees.

37 (o) Charge and apportion to local agencies that benefit from its
38 services the administrative costs and expenses incurred in the
39 exercise of the powers authorized by this article. These fees shall
40 be set at a rate sufficient to recover, but not exceed, the authority's

1 costs of issuance and administration. The fee charged to each local
2 obligation acquired by the pool shall not exceed that obligation's
3 proportionate share of those costs. The level of these fees shall be
4 disclosed to the California Debt and Investment Advisory
5 Commission pursuant to Section 6599.1.

6 (p) Issue, obtain, or aid in obtaining, from any department or
7 agency of the United States or of the state, or any private company,
8 any insurance or guarantee to, or for, the payment or repayment
9 of interest or principal, or both, or any part thereof, on any loan,
10 lease, or obligation or any instrument evidencing or securing the
11 same, made or entered into pursuant to this article.

12 (q) Notwithstanding any other provision of this article, enter
13 into any agreement, contract, or any other instrument with respect
14 to any insurance or guarantee; accept payment in the manner and
15 form as provided therein in the event of default by a local agency;
16 and assign any insurance or guarantee that acts as security for the
17 authority's bonds.

18 (r) Enter into any agreement or contract, execute any instrument,
19 and perform any act or thing necessary, convenient, or desirable
20 to carry out any power authorized by this article.

21 (s) Invest any moneys held in reserve or sinking funds, or any
22 moneys not required for immediate use or disbursement, in
23 obligations that are authorized by law for the investment of trust
24 funds.

25 (t) At the request of affected local agencies, combine and pledge
26 revenues to public capital improvements for repayment of one or
27 more series of bonds issued pursuant to this article.

28 (u) Delegate to any of its individual parties or other responsible
29 individuals the power to act on its behalf subject to its general
30 direction, guidelines, and oversight.

31 (v) Purchase, with the proceeds of its bonds or its revenue, bonds
32 issued by any local agency at public or negotiated sale. Bonds
33 purchased pursuant to this subdivision may be held by the authority
34 or sold to public or private purchasers at public or negotiated sale,
35 in whole or in part, separately or together with other bonds issued
36 by the authority.

37 (w) Purchase, with the proceeds of its bonds or its revenue, VLF
38 receivables sold to the authority pursuant to Section 6588.5. VLF
39 receivables so purchased may be pledged to the payment of bonds
40 issued by the authority or may be resold to public or private

1 purchasers at public or negotiated sale, in whole or in part,
2 separately or together with other VLF receivables purchased by
3 the authority.

4 (x) (1) Purchase, with the proceeds of its bonds or its revenue,
5 Proposition 1A receivables pursuant to Section 6588.6. Proposition
6 1A receivables so purchased may be pledged to the payment of
7 bonds issued by the authority or may be resold to public or private
8 purchasers at public or negotiated sales, in whole or in part,
9 separately or together with other Proposition 1A receivables
10 purchased by the authority.

11 (2) (A) All entities subject to a reduction of ad valorem property
12 tax revenues required under Section 100.06 of the Revenue and
13 Taxation Code pursuant to the suspension set forth in Section
14 100.05 of the Revenue and Taxation Code shall be afforded the
15 opportunity to sell their Proposition 1A receivables to the authority.

16 (B) If these entities offer Proposition 1A receivables to the
17 authority for purchase and duly authorize the sale of the Proposition
18 1A receivables pursuant to documentation approved by the
19 authority, the authority shall purchase all Proposition 1A
20 receivables so offered to the extent it can sell bonds therefor. If
21 the authority does not purchase all Proposition 1A receivables
22 offered, it shall purchase a pro rata share of each entity's offered
23 Proposition 1A receivables.

24 (C) The authority may establish a deadline, no earlier than
25 November 3, 2009, by which these entities shall offer their
26 Proposition 1A receivables for sale to the authority and complete
27 the application required by the authority.

28 (3) For purposes of meeting costs incurred in performing its
29 duties relative to the purchase and sale of Proposition 1A
30 receivables, the authority shall be authorized to charge a fee to
31 each entity from which it purchases a Proposition 1A receivable.
32 The fee shall be computed based on the percentage value of the
33 Proposition 1A receivable purchased from each entity, in relation
34 to the value of all Proposition 1A receivables purchased by the
35 authority. The amount of the fee shall be paid from the proceeds
36 of the bonds and shall be included in the principal amount of the
37 bonds.

38 (4) Terms and conditions of any and all fees and expenses
39 charged by the authority, or those it contracts with, and the terms
40 and conditions of sales of Proposition 1A receivables and bonds

1 issued pursuant to this subdivision, including the terms of optional
2 early redemption provisions, if any, shall be approved by the
3 Treasurer and the Director of Finance, who shall not unreasonably
4 withhold their approval. The aggregate principal amount of all
5 bonds issued pursuant to this subdivision shall not exceed two
6 billion two hundred fifty million dollars (\$2,250,000,000), and the
7 rate of interest paid on those bonds shall not exceed 8 percent per
8 annum. The authority shall exercise its best efforts to obtain the
9 lowest cost financing possible. Any and all premium obtained shall
10 be used for either of the following:

11 (A) Applied to pay the costs of issuance of the bonds.

12 (B) Deposited in a trust account that is pledged to bondholders
13 and used solely for the payment of interest on, or for repayment
14 of, the bonds.

15 (5) (A) In connection with any financing backed by Proposition
16 1A receivables, the Treasurer may retain financial advisors, legal
17 counsel, and other consultants to assist in performing the duties
18 required by this chapter and related to that financing.

19 (B) Notwithstanding any other law, none of the following shall
20 apply to any agreements entered into by the Treasurer pursuant to
21 subparagraph (A) in connection with any Proposition 1A financing:

22 (i) Section 11040 of the Government Code.

23 (ii) Section 10295 of the Public Contract Code.

24 (iii) Article 3 (commencing with Section 10300) and Article 4
25 (commencing with Section 10335) of, Chapter 2 of Part 2 of
26 Division 2 of the Public Contract Code, except for the authority
27 of the Department of Finance under Section 10336 of the Public
28 Contract Code to direct a state agency to transmit to it a contract
29 for review, and except for Section 10348.5 of the Public Contract
30 Code.

31 (C) Any costs incurred by the Treasurer in connection with any
32 Proposition 1A financing shall be reimbursed out of the proceeds
33 of the financing.

34 (y) Set any other terms and conditions on any purchase or sale
35 pursuant to this section as it deems by resolution to be necessary,
36 appropriate, and in the public interest, in furtherance of the
37 purposes of this article.

38 (z) This section shall become operative on January 1, 2022.

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